

CONFIDENTIAL - INTERNAL SECURITY INFORMATION

JUNE 30, 2011

CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)

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INTRODUCTION

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**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATIONS BOND
PROPOSITION D
INTRODUCTION AND CITIZENS' OVERSIGHT COMMITTEE MEMBER LISTING**

On February 5, 2008 the Cajon Valley Union School District was successful in obtaining authorization from District voters to issue up to \$156,500,000 in General Obligations Bonds pursuant to a 55% vote in a Bond election. The General Obligation Bonds are considered Proposition 39 bonds. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual, independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Proposition 39 including



11



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INDEPENDENT AUDITOR'S REPORT

**Governing Board Members and
Citizens' Oversight Committee**

[Redacted content]

FINANCIAL SECTION

**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011**

REVENUES	
Interest income	\$ 183,109
EXPENDITURES	
Classified salaries	164,595
Employee benefits	68,243
Other operating expenses:	
Mileage	187
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Capital outlay:	
Site improvements	53,498
Architect fees	1,091,920
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Preliminary tests	367
Planning costs	35,890
Miscellaneous fees	52,700
Main construction	12,293,909
Construction tests	1,195,051
Inspections	122,349
Other construction costs	170,508
Equipment	330,722
TOTAL EXPENDITURES	15,687,813
EXCESS OF EXPENDITURES OVER REVENUES	(15,504,704)
OTHER FINANCING SOURCES	
Proceeds from sale of bonds	13,093,060

**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

A. Definition of the Fund

In August 2008, Building Fund (21-39) was formed to account for property acquisition and construction of new schools as well as renovation of current schools for the Cajon Valley Union School District (District), through expenditures of general obligation bonds issued under the General

~~CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011~~

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B. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting

[REDACTED]

CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

B. Summary of Significant Accounting Policies (Continued)

Fund Balance Reserves and Designations



expenditure or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date. Designations of the ending fund balance

CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS.

JUNE 30, 2011
(Continued)

C. Cash and Investments (Continued)

d. *Interest Rate Risk*

This is the risk that changes in interest rates will adversely affect the fair value of an investment.

CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

F. General Obligation Bonds (continued)

On May 25, 2011, the District issued \$13,093,060, Series B General Obligation Bonds in order to finance the construction, rehabilitation or repair of public school facilities, which may include interest payments during the construction period. The bond proceeds received by the District is part

Amounts

**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

G. Construction Commitments

As of June 30, 2011, the Building Fund had the following commitments with respect to unfinished

OTHER INDEPENDENT AUDITOR'S REPORTS



Wilkinson Hadley King & Co. LLP
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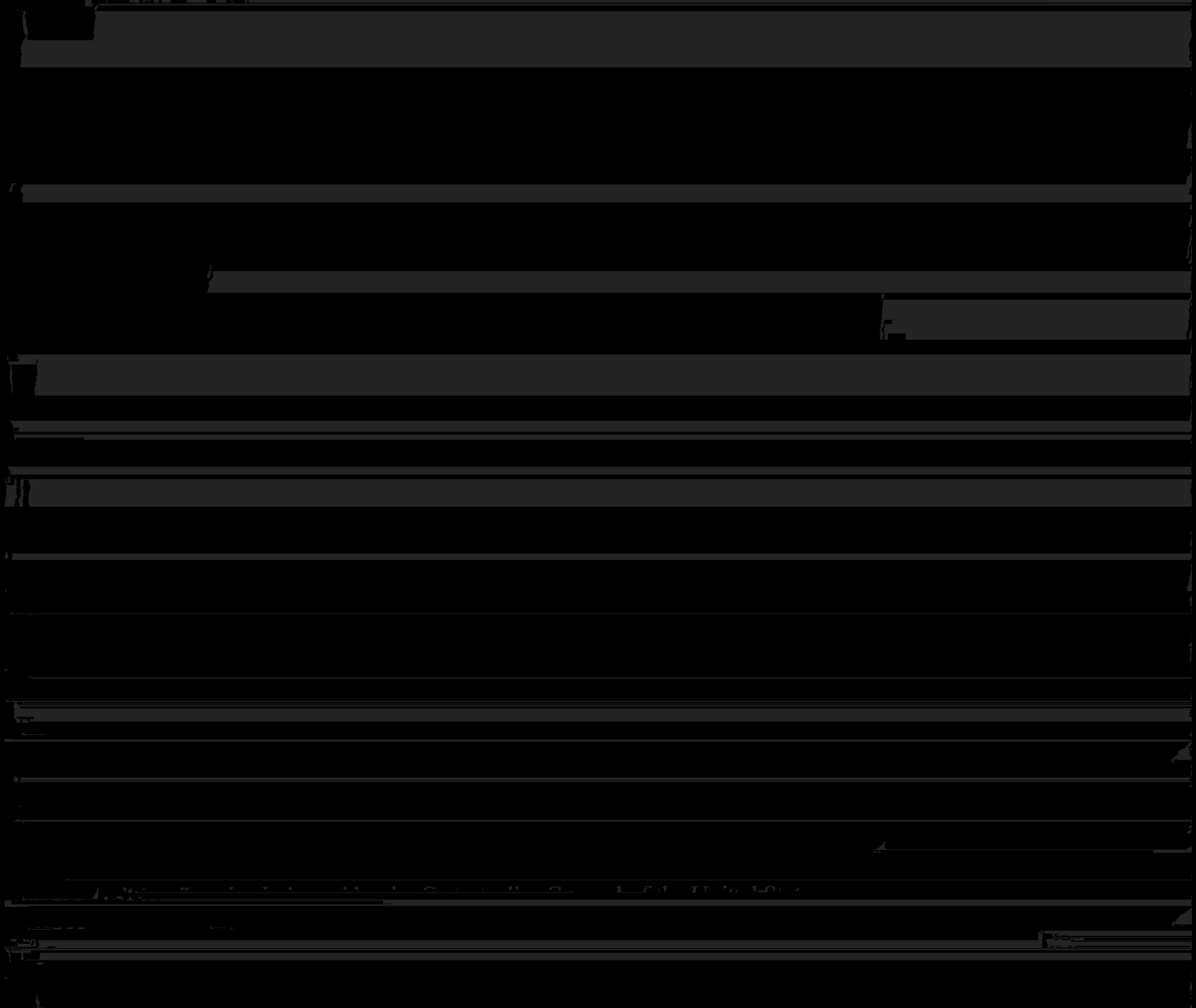
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Governing Board Members and
Citizens Oversight Committee
Cajon Valley Union School District
El Cajon, California**

We have audited the financial statements of Proposition D Building Fund (21-39) of Cajon Valley Union School District (District) for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government*







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**Governing Board Members and
Citizens Bond Oversight Committee
Cajon Valley Union School District
El Cajon, California**

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

We have audited the financial statements of the Proposition D Bond Building Fund (21-39) of Cajon Valley Union School District as of and for the fiscal year ended June 30, 2011 and have issued our report thereon dated November 23, 2011. Our audit was made in accordance with generally accepted auditing standards in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on

[REDACTED]

In connection with our performance audit, we performed an audit for compliance as required in the performance requirements for the Proposition 39 Proposition D General Obligation Bond for the fiscal year ended June 30, 2011. The objective of the audit of compliance applicable to Cajon Valley Union School District is to determine with reasonable assurance that:

- The proceeds from the sale of the Proposition D Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.

[REDACTED]

[REDACTED]

All purchase requisitions are reviewed for proper supporting documentation. The Project Manager or appropriate Director submits back up information to the Construction Accountant to initiate a purchase requisition. The Long-Range Planning Director verifies that the requested purchase is an allowable project cost in accordance with the Proposition D ballot initiative approved by local voters, as well as the Board approved budget, and that all expenditures are properly recorded by project and expense category.

All requisitions are routed for review and electronic approval as follows: (1) Construction Accountant; (2)

Results of Procedures Performed:

We found an instance where expenditures tested were not in compliance with the terms of Proposition D.

[REDACTED]

FINDINGS AND RECOMMENDATION SECTION

**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2011**

There were no findings to report.

**CAJON VALLEY UNION SCHOOL DISTRICT
PROPOSITION D BUILDING FUND (21-39)
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

There were no findings reported in the June 30, 2010 audit.

SUPPLEMENTAL INFORMATION

Cajon Valley Union School District
Proposition D – Project Status

Clock Systems

New Clock Systems were installed at eleven schools in October 2009

Electrical Upgrades (Phase 1)

Electrical upgrade projects were completed over the summer at Chase Elementary,
Madison Elementary, and Emerald Middle School

Project # 09-01-01 - 100 linear ft of Chain-link fencing with 2 roll gates and 2 walk gates were

installed at Anza Elementary in May 2009

Children Are First

\$	54,892	\$	54,892	\$		%
\$	374,718	\$	374,718	\$	125,282	74. %
\$	67,523	\$	67,523	\$	(0)	%
\$	290,102	\$	290,102	\$	13,000	95.71 %
\$	11,079,883	\$	1,346,100	\$	10,936,400	%
\$	936,302	\$	930,567	\$	918,433	%
\$	15,681,052	\$	11,546,967	\$	5,153,733	69.1 %
\$	5,533,469	\$	3,295,209	\$	3,599,791	47 %
\$	587,237	\$	587,462	\$	(225)	%
\$	223,017	\$	61,269	\$	918,731	%
\$	305,000	\$	19,522	\$	1,313,478	%
\$	809,010	\$	635,100	\$	14,229,404	%
		\$		\$	35,000,000	%
		\$		\$	750,000	%
		\$		\$	9,000,000	%
		\$		\$	9,000,000	%
		\$		\$	35,000,000	%
		\$		\$	65,000	%
\$	8,016	\$	8,016	\$	1,601,984	%
		\$		\$	900,000	%
		\$		\$	460,000	%
		\$		\$	250,000	%
		\$		\$	73,800	%
		\$		\$	1,210,000	%
		\$		\$	400,400	%
		\$		\$	500,000	%
		\$		\$	200,000	%
\$	934,071	\$	890,658	\$	3,109,342	%
				\$	2,712,956	%